

want to be, what you can be. They are your rallying points to build courage when courage seems to fail, to regain faith when there seems to be little cause for faith, to create hope when hope becomes forlorn.—General Douglas MacArthur's Farewell Speech, May 12, 1962

These ideals—of duty, honor and country so eloquently expressed by General MacArthur that day have been personified in General Shinseki's distinguished career. General Shinseki graduated from the United States Military Academy in 1965 and later received a Master of Arts Degree in English Literature from Duke University.

As a young officer, General Shinseki served two combat tours in Vietnam. He was twice wounded, and earned two Purple Hearts as well as four Bronze Star Medals. He then went on to serve for more than ten years throughout Europe in positions of increasing authority and responsibility. In 1996, General Shinseki was promoted to lieutenant general and returned to the Pentagon as Deputy Chief of Staff for Operations and Planning.

General Shinseki's duties culminated with his promotion and assignment as Chief of Staff of the Army in 1999. Already, as Vice Chief of Staff, he had developed an innovative plan to prepare the Army to face the unique challenges of the 21st century. Soon after becoming Chief of Staff of the Army, General Shinseki embarked on a bold plan to transform the Army to a lighter, more lethal, more flexible and transportable force that would be fully capable of meeting the full range of threats that face today's Army. He was a visionary who began transformation long before the term became popular.

Perhaps most poignantly, General Shinseki should be remembered as the gladiator President Roosevelt spoke of so long ago:

It is not the critic who counts, not the man who points out how the strong man stumbles, or where the doer of deeds could have done them better. The credit belongs to the man who is actually in the arena; whose face is marred by dust and sweat and blood; who strives valiantly; who errs, and comes short again and again, because there is no effort without error and shortcoming; but who does actually strive to do the deeds; who knows the great enthusiasms, the great devotions; who spends himself in a worthy cause; who at best knows in the end the triumph of high achievement, and who at the worst, if he fails, at least fails while daring greatly, so that his place shall never be with those cold and timid souls who know neither victory nor defeat.—Address at the Sorbonne, Paris, France, April 23, 1910.

Throughout his thirty-eight years of service General Shinseki's first and primary focus has always been the men and women of the United States Army. Among his many accomplishments, General Shinseki revolutionized recruitment, training and education. Just one example of General Shinseki's innovative approach is eCybermission, a program that encourages young men and women to pursue education and careers in engineering and science, which he sees as fundamental to the future of the Army and the nation.

General Shinseki attributes much of his success to the support of his wife Patty, who has also contributed greatly to aid the wives and families of our service men and women. Together, they have raised two wonderful children, Lori and Ken.

This nation, the Congress, the Department of Defense, and the men and women of the

Army, owe a debt of gratitude to General Shinseki and his wife Patty for their selfless service. They have given meaning to the timeless values that continue to reverberate across the plain at West Point—"Duty, Honor, Country."

## THE CASE FOR LABOR STANDARDS IN TRADE AGREEMENTS

**HON. BARNEY FRANK**

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 26, 2003

Mr. FRANK of Massachusetts. Mr. Speaker, I ask that excerpts of a recent speech by Mr. LEVIN of Michigan be printed.

In recent years the major industrial growth in El Salvador, Nicaragua and Guatemala has been in the maquilas, assembling apparel in free trade zones.

100,000 to 150,000 people work in the garment maquilas of each nation. 75-85 percent of the workers on average are women, with an average age of 18-25.

A majority are the sole source of income for themselves and their children.

By law, the work week is supposed to be 44 hours, with overtime on a voluntary basis.

The typical worker receives about 65 to 75 cents per hour. If paid by piece the average could be around \$1 per hour.

Almost every nation in the world has agreed through the International Labor Organization (ILO) to respect five core labor standards: prohibitions on child labor and forced labor, non-discrimination, and the rights to associate and to bargain collectively. In the garment maquilas, the most salient are the rights to associate and organize and to bargain collectively.

In Central America today, the basic labor-management dynamic is like the United States at the turn of the last century.

In Nicaragua and El Salvador, an employer can fire any employee whom it believes is sympathetic to an organizing effort simply by paying severance.

In one plant I visited in Nicaragua workers had quite recently been working 70- to 80 hours (apparently for the same \$100 a month); in some cases they were working 24 hour shifts. Protests finally forced new management, but the new management acknowledged that they were still working people longer than permitted in the law.

In Guatemala, we talked with a worker who had personally witnessed other employees who had been trying to organize being beaten with bats at work.

In Nicaragua and Guatemala, we heard numerous reports of employers using the criminal process in order to break up unions in maquilas and other sectors.

In El Salvador, we visited a free trade zone in which a plant was shut down to avoid its workers being able to organize. We heard highly credible evidence that the leaders of the organizing effort were subsequently blacklisted as they sought other employment.

In Guatemala, it is not legally possible for a union to attempt to organize within an entire industry, like the garment industry, without having in advance 50 percent plus one of the workers signed up and registering with the government.

Nicaraguan and Guatemalan employees cannot strike without government approval.

The State Department Human Rights Report, and numerous other reports from groups like Human Rights Watch, confirm that the facts and incidents are the constant reality.

In El Salvador, Beatrice Alamanni de Carillo, a veteran judge and professor, serves as Prosecutor for the Defense of Human Rights. She was appointed by the National Assembly, with a majority from the conservative Arena Party. Her comments:

"In the private sector an anti-union culture persists in great measure and for many years, employers have generated a climate that does not contribute to the promotion of worker organization in their workplace. . . . The Ministry of Labor and Social Welfare has not demonstrated a real will to guarantee in practice the rights of workers, either individually or collectively. There is a very loud clamor that the authorities of that Ministry do not make their best efforts to adequately check working conditions in businesses, and, in addition, they tolerate and promote an anti-union culture in the country."

In each country, the rights to associate and organize and to bargain collectively are not realities. The laws themselves are inadequate. Even where there are laws on the books, they are not well enforced and are often used against workers trying to organize.

As far as I could determine, there is not a single effective collective bargaining agreement in any of the garment maquilas of the three countries, though there are almost 400,000 workers.

In Guatemala, a leader of the union connected with the Christian Democrats put it this way: the problem is that employers have "impunity," "they make up their own laws."

You may jump to the conclusion that I came back discouraged. That is not accurate.

If the issue of core labor standards is addressed in CAFTA by including a fully enforceable obligation to adopt these standards, it will have an important impact on socio-economic dynamics in these countries by helping develop a middle class.

In the last decade the apparel/textile maquilas have been the major source of economic growth and new employment in each of the three nations I visited, and in Honduras.

The realities within the maquilas today are built on a total imbalance in relationships between employer and employee. The vast majority of workers, young women, are particularly vulnerable, with overriding fear that for them losing a job means an end to their income.

It is essential in order to provide opportunities to the CAFTA countries to expand trade and strengthen commercial ties with the region. It is equally essential that the rules of trade and investment be shaped in a way that maximizes the benefits to those countries and the U.S.

For workers to be able to break the cycle of poverty, they need to have the ability to join together, to participate, to improve their economic status. This is an antecedent to helping those workers use the potential of globalization to create, join, or expand the middle class.

Hernando de Soto recently authored *The Mystery Of Capital: Why Capitalism Succeeds In The West And Fails Everywhere Else*, which posits that economies develop where property rights are formalized, are clearly and efficiently defined, are enforceable, and may be exercised by all; in this way all property can become capital. Labor market standards help workers maximize a key property right—property in one's own labor.

A key reason to seek a minimum floor of respect for the five core, internationally-recognized labor standards is to ensure that the CAFTA countries will not compete in a race to the bottom in their efforts to promote trade and attract investment. Some argue that the race to the bottom is a myth, that income levels will rise when trade and investment flows increase, and all domestic standards will rise as income levels increase. These arguments ignore the fact that, as with all other economic factors, investment dollars are scarce and there is fierce competition to attract those dollars. When the competition is over labor-intensive industries, one of the key points of competition is the labor market pool.

A New York Times article from about two years ago quoted the President of El Salvador regarding intra-regional competition, who stated, "The difficulty in this region is that there is labor that is more competitively priced than El Salvador."

Another article from about one year ago in the Washington Post described the interesting changes in patterns in banana trade, with Ecuador attracting an increasing share. The explanation, according to one major fruit company executive, is that "the costs in Ecuador are so much lower. There are no unions, no labor standards, and the pay is as low as two dollars a day."

If the promise of expanded trade—increased incomes and lower levels of income inequality—is to be realized, it is important that the CAFTA countries not compete with each other based upon abuse of core labor standards. The best way to do that is to establish over a reasonable period of time a floor—adopting the five core labor standards as rules of competition in this critical economic area in the FTA itself—just as we establish floors through rules of competition in other areas like intellectual property, investor rights, and tariff levels.

The Central American nations do not need to suppress their workers in order to compete. There is an opportunity to build an economic structure based on implementation of core labor standards so that garments from those nations could bear a label reading "made under internationally recognized labor standards," which many competing goods will not possess.

The alternative is an increasing effort by consumer groups in the U.S. to boycott companies that make garments under conditions that violate these standards.

Efforts by American retailer-purchasers to promulgate and implement private business codes will not make up for a lack of a basic governmental and societal structure. In the New York Times article quoted above, an official from a major American retailer said "We can't be the whole solution. The solution has to be labor laws that are adequate, respected, and enforced."

By addressing core internationally recognized labor standards in the CAFTA negotiations, it is more likely that the domestic coalition necessary to tackle the tough market access issues with the United States can be assembled.

Total two-way trade between the United States and the CAFTA countries is about \$20 billion. Combined, the CAFTA countries constitute the 18th largest export market for the U.S. and about half of all foreign direct investment in these countries comes from the U.S.

Beyond the current relationship, the United States is seeking better market access for

goods and service providers, protection for investors, and improved intellectual property protection from the CAFTA countries. These countries are seeking more investment and more U.S. market access, primarily in the textiles and apparel and agriculture sectors. Otherwise, CAFTA will provide no significant benefits to Central America beyond those provided by the Caribbean Basin Initiative (CBI).

I joined with several others in helping to shape the enhanced market access in textiles and apparel when we expanded the CBI a few years ago. The result has been a move toward a more integrated Caribbean-area textile and apparel market. I believe that further integration is necessary. If not, once quotas are removed in 2005 much more of this market will be lost to goods from other areas.

One of the keys to increased market access will be squarely facing up to the core labor standards issue. When we considered the expansion of CBI, the core labor standards issue was directly addressed by heightening the labor standards criterion in the CBI program. Under that criterion, the United States may unilaterally judge whether a nation is implementing the core labor standards. With the negotiation of CAFTA, and the consequent elimination of the CBI labor standards criteria, including a fully enforceable obligation to enforce the five core labor standards, is even more important.

The further integration in apparel and textile, as well as agriculture, means some further displacement in the United States. Comparative advantage is sound economics, but the distortion of the labor market by suppression of workers to create this advantage is unsound as an economic and policy matter, is unnecessary, and will only deepen opposition from competing workers and businesses in the United States.

Facing the issues surrounding core labor standards is not a vehicle for "protectionism." Indeed, it is an opportunity for expanded trade.

Only a coalition that is far broader and solidly bipartisan, much more so than the narrow votes in the U.S. House achieved by last minute concessions, can be the basis for working out decisions on the tough issues of apparel and textiles and agriculture in CAFTA, and beyond.

More broadly, CAFTA can and should be a building block towards effective negotiation of an FTAA.

The CAFTA negotiations present the opportunity for the United States to negotiate fully enforceable core labor standards, combined with a phased-in compliance period, a significant and ongoing commitment of U.S. technical assistance to the countries to help them achieve compliance before and in the initial years of the agreement, and positive market access incentives for countries that improve their laws and enforcement record (for instance, by accelerating implementation of market access phase-ins or by providing improved access than required by the terms of the FTA). The goal of those of us who seek to establish rules in this area is to expand trade, not shut it off.

There are many similarities between Central American nations and those in the rest of Latin America. Where there are, what is negotiated in CAFTA will matter. That will be true, for example in investment, intellectual property, customs obligations, and labor standards.

Where there are differences, it is a serious mistake to use an agreement for one country as a model for another, turning a building block into a stumbling block.

This is what seems to be evolving as to use of the Chile and Singapore agreements for negotiations in CAFTA. Last week USTR tabled in the CAFTA negotiations a proposal on core labor standards using the Chile and Singapore provisions as a model. Use of a standard of enforcing one's own laws is viable where a nation's laws embody the five ILO core labor standards and there is a record of enforcement of those laws. The laws of Chile and Singapore do embody the five core labor standards and these are enforced in practice. The opposite is true in the Central American nations I visited; the standard of "enforce your own laws" would be a backward step in the CAFTA and benefit those with the worst laws.

This sparked the letter last week to Ambassador Zoellick from the Democratic leadership of the House and Mr. Rangel, Mr. Matsui and myself. We said "We write as supporters of negotiations for a U.S.-Central American free trade agreement. . . . That said, we are not supportive of the proposed U.S. draft text for the FTA's labor chapter. . . . The current version of this text does not adequately address the economic and individual impact of the egregious conditions for workers in the region, and should not be the starting point for consideration of these issues."

Inclusion of a core labor standards provision in the CAFTA, and in future trade agreements, will help answer arguments of those who complain that globalization is harmful to the poor and anti-the "little guy."

I came home from my trip with a positive view of the opportunities that can be achieved, but only if we address the significant challenges. A key challenge is to place core labor standards in a broader perspective, and to understand that it is vital to the future of each Central American nation, the Central American region, the integration of the hemispheric market and the future of U.S. trade policy.

## INTRODUCTION OF THE "WINNING THE PEACE ACT OF 2003"

**HON. SAM FARR**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, June 26, 2003*

Mr. FARR. Mr. Speaker, I rise today to introduce a new piece of legislation—the "Winning the Peace Act of 2003". I am pleased to be joined by colleagues from both sides of the aisle—Representative WOLF of Virginia, Representative HOFFEL of Pennsylvania, Representative LEACH of Iowa, and Representative WEXLER of Florida—as original cosponsors of the bill.

The "Winning the Peace Act of 2003" creates a much-needed institutional framework to deal with post-conflict situations, such as those the U.S. currently faces in Afghanistan and Iraq. The principle components of the bill are as follows:

Creation of Director of Reconstruction Positions to provide a point person in the U.S. government to coordinate operations in post-conflict scenarios.